

## Message Text

SECRET

PAGE 01 CAIRO 07405 071510Z  
ACTION SS-25

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FM AMEMBASSY CAIRO  
TO SECSTATE WASHDC IMMEDIATE 6387

S E C R E T CAIRO 07405

EXDIS

E.O. 11652: GDS  
TAGS: MASS, EG, US, UK  
SUBJECT: MIG MAINTENANCE CONTRACTS

REF: STATE 56171

1. PURSUANT PARA 9 REFTTEL, I SOUGHT CLARIFICATION FROM GAMASY MARCH 5 OF GOE DECISION CONVEY TO DCM MATTHEWS TO ACCEPT BRITISH OFFERS FOR MIG ENGINE AND AIRFRAME REPAIR (CAIRO 3837). I TOLD HIM OF MARWAN'S INVITATION TO LOCKHEED AND LATTER'S INTEREST IN PURSUING POSSIBILITY OF WORKING WITH AOI ON MIG AIRFRAME REHABILITATION. ALSO TOLD HIM THAT ON OUR PART WE ACCEPT GOE DECISION AND HAVE NOT ENCOURAGED LOCKHEED. IN FACT, WE HAVE INFORMED LOCKHEED REPRESENTATIVE THAT UNDER CURRENT GUIDELINES, ANY CONTRACT WITH AOI WOULD NOT BE APPROVED BY OMC AND HAD URGED LOCKHEED NOT TO SEND A TEAM. I POINTED OUT SENSITIVITY OF THIS SUBJECT AT A TIME WHEN F-5 SALE IS BEING CONSIDERED BY CONGRESS. ANY DIRECT LOCKHEED OFFER WOULD BE DEVIATION OF EARLIER GROUND RULES AND WOULD REQUIRE US GO BACK TO CONGRESS TO CONSULT. WE HAD NOT ENCOURAGED LOCKHEED TO BELIEVE THAT DEPT WOULD BE PREPARED TO DO THIS.

2. GAMASY SEEMED A BIT SURPRISED. HE SAID THAT THIS WAS  
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THE FIRST TIME HE HAD HEARD OF MARWAN APPROACH TO LOCKHEED. HE CONFIRMED THAT CONTRACTS HAVE BEEN SIGNED WITH BOTH ROLLS-ROYCE AND HAWKER-SIDDELEY. LATTER, HE NOTED, IS CURRENTLY SEEKING TO OBTAIN BRITISH AEROSPACE SUPPORT. GOE PURPOSE IN CONCLUDING THESE CONTRACTS, GAMASY REITERATED, IS TO DOUBLE THE CAPACITY WITHIN EGYPT TO REHABILITATE MIG-21 ENGINES AND AIRFRAMES IN 1978-80 TIMEFRAME.

3. IN ORDER TO FACILITATE THIS OBJECTIVE, GAMASY CONTINUED, MINDEFENSE HAS ALSO CONTRACTED WITH AOI AS A COMMERCIAL PROPOSITION TO USE SOME OF LATTER'S FACTORIES FOR MIG AIRFRAME REHABILITATION. MARWAN HAD SOME SPARE FUNDS WHICH HE WAS PREPARED TO INVEST INTO SUCH A PROJECT. PURPOSE WOULD BE TO SUPPLEMENT HAWKER-SIDDELEY WORK. GAMASY ASSUMED THAT MARWAN HAD CONTACTED LOCKHEED IN ORDER TO OBTAIN TECHNICAL EXPERTISE NEEDED TO DO THE JOB. AS GAMASY PUT IT, THIS WILL KEEP LOCKHEED AWAY FROM ROLLS-ROYCE AND HAWKER-SIDDELEY.

4. GAMASY SEEMED A BIT SURPRISED THAT WE HAVE AS YET TAKEN NO POLICY DECISION VIS-A-VIS AOI. HE PROFESSED TO SEE NO JUSTIFICATION FOR THIS. HE UNDERSTOOD THE PROBLEM OF LOCKHEED, HOWEVER, AND SAID HE WILL DISCUSS IT WITH MARWAN WHEN LATTER RETURNS IN NEXT FEW DAYS FROM TRIP TO EUROPE. HE WONDERED IF LOCKHEED REQUIRES AN OMC LICENSE TO RENDER THE TYPE OF SERVICES AOI IS APPARENTLY REQUESTING. IN ANY CASE, HE MADE IT CLEAR THAT THE APPROACH TO LOCKHEED IS NOT A GOE APPROACH, BUT SOLELY AN AOI OVERTURE AND THAT AOI IS ACTING IN A PURELY COMMERCIAL CAPACITY IN THIS MATTER.

5. ON 5 MARCH AIRA VISITED THE AIR FORCE WORKSHOPS AT HELWAN IN THE COMPANY OF AIR VICE MARSHAL RAYAN. DURING A TOUR OF THE ENGINE OVERHAUL FACILITIES, AIRA TOOK THE OPPOR-  
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TUNITY TO ASK HOW THE EGYPTIAN AIR FORCE EFFORT WOULD BE INTEGRATED WITH THE AOI EFFORT TO OVERHAUL MIG-21S. RAYAN RESPONDED THAT A FEW TASKS, WELL DEFINED, AND WITHIN THE CAPABILITY OF THE AOI WOULD BE DELEGATED TO THEM TO ALLOW AIR FORCE RESOURCES TO BE APPLIED TO OTHER MORE CRITICAL TASKS. THE AIR FORCE WOULD THEN ASSUME THE RESPONSIBILITY FOR INTEGRATING THE TWO EFFORTS INTO A FINAL USEFUL PRODUCT. EILTS

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## Message Attributes

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